
Program Memorandum Intermediaries/Carriers

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal AB-01-29

Date: FEBRUARY 8, 2001

CHANGE REQUEST 1483

SUBJECT: Free Electronic Billing Software

This Program Memorandum (PM) is to clarify instructions in Transmittal B-00-49 dated September 28, 2000, and Transmittal A-00-89 dated November 28, 2000, regarding free provider billing software and to provide intermediaries, carriers, and Durable Medicare Equipment Regional Carriers with language to include in your provider bulletin regarding HCFA's intent to eliminate the free billing software.

Elimination of HCFA Support of Free Billing Software

You are to notify your providers through your provider bulletin that HCFA intends to eliminate support of the free billing software. You are to include the following language in your upcoming provider bulletins:

Elimination of HCFA Free Billing Software

Since the late 1980s, the Health Care Financing Administration (HCFA) has required *[insert contractor name]* to offer free electronic billing software to our providers upon request. These generally simple pieces of software allowed our providers to submit electronic claims to Medicare, using Medicare specific electronic data interchange formats, either the National Standard Format, the UB-92, or the X12N 837 format. *[insert contractor name]* was required to offer this software in order to increase electronic claim submissions. The software gave our providers an opportunity to try electronic billing at low cost, with the expectation that providers would experience the benefits and procure or develop more sophisticated practice management or billing software that would do additional functions. Additionally, use of this software reduced processing costs to the Medicare program as providers switch from paper to electronic claims.

With the advent of the Health Insurance Portability and Accountability Act (HIPAA) electronic transaction standards, there will no longer be Medicare specific electronic formats. The same format will be used by providers to submit claims to any payer. This is expected to reduce the costs of electronic transaction software for providers, and should encourage more providers to use electronic transactions. These changes have prompted HCFA to assess whether or not to continue offering the free billing software in the post-HIPAA environment. HCFA will require *[insert contractor name]* to begin phasing out the free billing software requirement effective FY2004, approximately 1 year after HIPAA standards are implemented. This will give our providers enough time to find substitute software that can work with all payers. You will be notified when the transition period will begin to phase out the free billing software.

HCFA-Pub. 60AB

The *effective date* for this PM is February 8, 2001.

The *implementation date* for this PM is the next scheduled provider bulletin.

These instructions should be implemented within your current operating budget.

This PM may be discarded after January 1, 2002.

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